

ORIGINAL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - X
:
UNITED STATES OF AMERICA :
:
-V.- : INFORMATION
:
JOSE M. FREUNDT, : S4 15 Cr. 769 (AJN)
:
Defendant. :
:
- - - - - X

COUNT ONE

(Conspiracy to Operate an Unlicensed
Money Transmitting Business)

The United States Attorney charges:

1. From at least in or about April 2015 to at least in or about July 2015, in the Southern District of New York and elsewhere, JOSE M. FREUNDT, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, to operate an unlicensed money transmitting business, in violation of Title 18, United States Code, Section 1960.

2. It was a part and an object of the conspiracy that JOSE M. FREUNDT, the defendant, and others known and unknown, knowingly would and did conduct, control, manage, supervise, direct, and own all and part of an unlicensed money transmitting business affecting interstate and foreign commerce, to wit,

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Coin.mx, a Bitcoin exchange which (a) was operated without an appropriate money transmitting license in a State, to wit, Florida, where such operation is punishable as a misdemeanor and a felony under State law; (b) failed to comply with the money transmitting business registration requirements set forth in Title 31, United States Code, Section 5330, and the regulations prescribed thereunder; and (c) otherwise involved the transportation and transmission of funds known to FREUNDT to have been derived from a criminal offense and intended to be used to promote and support unlawful activity, to wit, extortion in furtherance of ransomware schemes, in violation of Title 18, United States Code, Section 1030(a)(7).

Overt Acts

3. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. In or about August 2013, a co-conspirator not named herein ("CC-1") opened an account at a particular financial institution ("Bank-1") in the name of "Collectables Club" to be used in furtherance of Coin.mx operations.

b. In or about August 2014, CC-1 opened an account

at a particular financial institution ("Bank-2") in the name of "Collectables Club" at a Bank-2 branch located in the Southern District of New York.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Operation of an Unlicensed Money Transmitting Business)

The United States Attorney further charges:

4. From at least in or about April 2015 to at least in or about July 2015, in the Southern District of New York and elsewhere, JOSE M. FREUNDT, the defendant, knowingly did conduct, control, manage, supervise, direct, and own all or part of an unlicensed money transmitting business affecting interstate and foreign commerce, to wit, Coin.mx, which (a) was operated without an appropriate money transmitting license in a State where such operation is punishable as a misdemeanor and a felony under State law, to wit, Florida; (b) failed to comply with the money transmitting business registration requirements set forth in Title 31, United States Code, Section 5330, and the regulations prescribed thereunder; and (c) otherwise involved the transportation and transmission of funds known to FREUNDT and his co-conspirators to have been derived from a criminal offense and intended to be used to promote and support unlawful activity, to wit, extortion in furtherance of ransomware

schemes, in violation of Title 18, United States Code, Section 1030(a)(7).

(Title 18, United States Code, Sections 1960 and 2.)

COUNT THREE

(Conspiracy to Make Corrupt Payments with Intent to Influence an Officer of a Financial Institution)

The United States Attorney further charges:

5. From at least in or about April 2014 to at least in or about 2015, in the Southern District of New York and elsewhere, JOSE M. FREUNDT, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, to violate Title 18, United States Code, Section 215(a).

6. It was a part and an object of the conspiracy that JOSE M. FREUNDT, the defendant, and others known and unknown, willfully and knowingly would and did corruptly give, offer, and promise a thing of value, to wit, a sum of money greater than \$1,000, to a person with the intent to influence and reward an officer, director, employee, agent, and attorney of a financial institution, to wit, the Chairman of the Board of a federal credit union based in New Jersey (the "Credit Union"), in connection with a business and transaction of such institution, in violation of Title 18, United States Code, Section 215(a).

Overt Acts

7. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. In or about April 2014, CC-1 and a co-conspirator not named herein ("CC-2") communicated with the Chairman of the Board of the Credit Union in an effort to take over control of the Board of the Credit Union in furtherance of Coin.mx's operations.

b. On or about May 9, 2014, CC-1 caused \$15,000 to be transferred via wire through the Southern District of New York to a particular bank account ("Bank Account-1") at the request of the Chairman of the Board of the Credit Union.

c. On or about June 20, 2014, CC-1 caused \$120,000 to be transferred to Bank Account-1.

d. On or about November 22, 2014, JOSE M. FREUNDT, the defendant, and other individuals met with the Chairman of the Board of the Credit Union and discussed the payment of an additional \$50,000 bribe to induce the Chairman of the Board of the Credit Union to relinquish control of the Credit Union.

(Title 18, United States Code, Section 371.)

COUNT FOUR

(Making Corrupt Payments with Intent to Influence
an Officer of a Financial Institution)

The United States Attorney further charges:

8. From at least in or about May 2014 through at least in or about 2015, in the Southern District of New York and elsewhere, JOSE M. FREUNDT, the defendant, and others not named herein, did corruptly give, offer, and promise a thing of value, to wit, a sum of money greater than \$1,000, to a person with the intent to influence and reward an officer, director, employee, agent, and attorney of a financial institution, to wit, the Chairman of the Board of the Credit Union, in connection with a business and transaction of such institution, to wit, the operations of the Credit Union.

(Title 18, United States Code, Sections 215(a)(1) and 2.)

COUNT FIVE

(Conspiracy to Commit Wire Fraud)

The United States Attorney further charges:

9. From at least in or about April 2015 through in or about July 2015, in the Southern District of New York and elsewhere, JOSE M. FREUNDT, the defendant, and others known and unknown, willfully and knowingly combined, conspired, confederated and agreed together and with each other to violate Title 18, United States Code, Section 1343.

10. It was a part and an object of the conspiracy that JOSE M. FREUNDT, the defendant, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343, to wit, FREUNDT and co-conspirators not named herein knowingly made, and caused other individuals to make, material misrepresentations to financial institutions and others in order to deceive those financial institutions into allowing Coin.mx to operate and process financial transactions through them, and in doing so, caused wires to be transmitted to and from the Southern District of New York.

(Title 18, United States Code, Section 1349.)

COUNT SIX
(Wire Fraud)

The United States Attorney further charges:

11. From at least in or about April 2015, up to and including in or about July 2015, in the Southern District of New York and elsewhere, JOSE M. FREUNDT, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, FREUNDT knowingly made, and caused others to make, material misrepresentations to financial institutions and others in order to deceive those financial institutions into allowing Coin.mx to operate and process financial transactions through them, and in doing so, caused wires to be transmitted to and from the Southern District of New York.

(Title 18, United States Code, Sections 1343 and 2.)

FORFEITURE ALLEGATIONS

12. As a result of committing one or more of the offenses alleged in Counts One and Two of this Information, JOSE M. FREUNDT, the defendant, shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), any property, real or personal, involved in the offenses alleged in Counts One and Two, or any property traceable to such property.

13. As a result of committing one or more of the offenses charged in Counts Three through Six of this Information, JOSE M. FREUNDT, the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses alleged in Counts Three through Six.

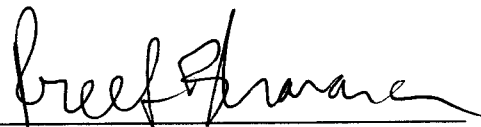
Substitute Assets Provision

14. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), Title 21, United States Code, Section 853(p), and Title 28, United States Code, Section 2461, to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Sections 981 and 982;
Title 21, United States Code, Section 853; and
Title 28, United States Code, Section 2461.)


PREET BHARARA
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

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(18 U.S.C. §§ 215, 371, 1343, 1349, 1960
& 2.)

PREET BHARARA

United States Attorney.
